

Message Text

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ACTION EB-08

INFO OCT-01 ARA-11 ISO-00 COME-00 L-03 EUR-12 OES-09

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FM AMCONSUL MARTINIQUE

TO SECSTATE WASHDC IMMEDIATE 3100

INFO AMEMBASSY BRIDGETOWN PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 MARTINIQUE 0675

E.O. 11652: GDS

TAGS: ETRD, PGOV, FW

SUBJ: GUADELOUPE WATER FOR U.S. VIRGIN ISLANDS EVAPORATING

REF: MARTINIQUE 616

SUMMARY: AMERICAN BUSINESSMAN DAVID A. CHRISTMAN III, OWNER OF TRANS GLOBAL STEAMSHIP COMPANY OF NEW BRUNSWICK, NJ, SIGNED A THREE-YEAR CONTRACT WITH FRENCH OFFICIALS IN GUADELOUPE TO PURCHASE APPROX TWO MILLION GALLONS OF SURPLUS TREATED WATER DAILY. ALTHOUGH THE CONTRACT WAS MADE BETWEEN TRANS GLOBAL AND LE GRAND SYNDICAT D'EAU ET ASSAINISSEMENT OF GUADELOUPE, CHRISTMAN CLAIMS TO HAVE ACTED ON EXPLICIT INSTRUCTIONS FROM GOV JUAN LUIS OF THE UNITED STATES VIRGIN ISLANDS (USVI). GOV LUIS HAS APPARENTLY NOW DECIDED AGAINST BUYING WATER FROM GUADELOUPE AND DENIES COMMISSIONING CHRISTMAN FOR THAT PURPOSE. IF USVI DO NOT PURCHASE GUADELOUPE WATER AND CHRISTMAN CANNOT FIND ANOTHER PROXIMATE MARKET, SITUATION IN GUADELOUPE WILL BE EMBARRASSING (AT THE LEAST)FOR CHRISTMAN AND, TO EXTENT HE IS SEEN AS AGENT FOR USVI, FOR USG. END SUMMARY.

1. AMERICAN BUSINESSMAN DAVID A. CHRISTMAN III SIGNED A CONTRACT ON SEPT 5 WITH FRENCH OFFICIALS IN GUADELOUPE TO
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PURCHASE APPROXIMATELY TWO MILLION GALLONS OF SURPLUS TREATED WATER DAILY FOR THE NEXT THREE YEARS AT A COST OF 79 CENTS US PER ONE THOUSAND GALLONS OR APPROX SIX MILLION DOLLARS A YEAR. THE CONTRACT IS BETWEEN THE TRANS GLOBAL STEAMSHIP CO, OF WHICH CHRISTMAN IS OWNER AND PRESIDENT, AND LE GRAND SYNDICAT D'EAU ET ASSAINISSEMENT, AN ORGANIZATION REPRESENTING THE WATER INTERESTS OF ALL COMMUNES OF GUADELOUPE AND FALLING

UNDER THE PREFECTURAL GOVERNMENT'S DEPARTMENT OF AGRICULTURE.

2. ACCORDING TO CHRISTMAN, HE CONTRACTED TO PURCHASE THE WATER EXPRESSLY FOR TRANSPORT TO THE USVI, HAVING CONSULTED WITH USVI COMMISSIONER FOR PROPERTY AND PROCUREMENT CLAUDE MALLOY OVER THE PAST SIX MONTHS AND MORE RECENTLY WITH GOVERNOR JUAN LUIS. CHRISTMAN STATED ON SEPT 6 THAT ALTHOUGH HE HAD NO CONTRACT WITH THE GOVERNMENT OF THE USVI (GOUSVI), LUIS AND MALLOY HAD INSTRUCTED HIM TO MAKE THE DEAL WITH THE FRENCH OFFICIALS IN GUADELOUPE ON THE UNDERSTANDING THAT GOUSVI WOULD THEN SIGN A CONTRACT WITH TRANS GLOBAL FOR THE PURCHASE AND DELIVERY OF THE WATER. ACCORDING TO CHRISTMAN, LUIS SUBSEQUENTLY BEGAN BACK-PEDDLING, OSTENSIBLY BECAUSE HE NEEDED LEGISLATIVE APPROVAL TO COMMIT GOVERNMENT FUNDS BEYOND THE ONE-YEAR BUDGET CYCLE.

3. CHRISTMAN SAID THAT HE MET WITH LUIS, MALLOY AND CONGRESSMAN ROBERT ROE (D-NJ), HOUSE OF PUBLIC WORKS AND TRANSPORTATION COMMITTEE, ON SEPT 1 IN ST. THOMAS. AT THAT TIME, ACCORDING TO CHRISTMAN, LUIS URGED HIM TO FLY TO GUADELOUPE BY CHARTERED PLANE, SIGN THE CONTRACT AND BRING IT TO HIM IMMEDIATELY SO THAT LUIS COULD THEN PRESENT IT TO THE USVI LEGISLATURE. CHRISTMAN AGREED TO PROCEED TO GUADELOUPE AND SIGN THE CONTRACT BUT PREFERRED TO HAVE LUIS PRESENT A SUMMARY OF THE CONTRACT TO THE LEGISLATURE, NOT WANTING TO HAVE THE CONTRACT ITSELF THROWN INTO THE POLITICAL CONFIDENTIAL

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ARENA. CHRISTMAN STATED THAT BOTH MALLOY AND LUIS HAD EARLIER PRESSED HIM TO ARRANGE FOR SHIPMENTS OF WATER BEFORE THE NOVEMBER ELECTIONS SO THAT LUIS COULD ANNOUNCE THAT HE HAD SOLVED THE USVI WATER PROBLEM AND PRESUMABLY THEREBY ASSURE HIS REELECTION. TO THROW THE CONTRACT INTO THE POLITICAL ARENA AT THIS POINT, CHRISTMAN FELT, WOULD NOT ONLY DELAY THE SHIPMENTS BUT COULD KILL THE CONTRACT ALTOGETHER, WHATEVER THE USVI POLITICAL REPERCUSSIONS. (COINCIDENTALLY, SENATOR PROXMIRE'S CRITICISM OF THE USVI FOR HAVING AWARDED A CONTRACT FOR TWO NEW DESALINIZATION PLANTS TO AN ISRAELI FIRM AT A BID 4 MILLION DOLS US HIGHER THAN THAT OF THE COMPETING AMERICAN FIRM WAS PUBLISHED IN THE LOCAL USVI NEWSPAPERS THE MORNING OF SEPT 1.)

4. CHRISTMAN STATED THAT HE RETURNED TO THE USVI ON SEPT 8 TO PRESENT LUIS A COPY OF THE SIGNED CONTRACT BUT WAS TOLD BY LT. GOV. HENRY MILLIN THAT LUIS WAS UNAVAILABLE. ACCORDING TO CHRISTMAN, MILLIN SUGGESTED THERE MIGHT BE OTHER MARKETS FOR THE WATER. LUIS REPORTEDLY DENIED ANY KNOWLEDGE THAT CHRISTMAN WENT TO GUADELOUPE TO PURCHASE WATER FOR THE USVI. FEELING HE HAD BEEN DEALT WITH IN BAD FAITH, CHRISTMAN THEN CALLED A PRESS CONFERENCE ON SEPT 10 AND HANDED OVER COPIES OF

ALL DOCUMENTS RELATING TO THE PROJECT TO THE VIRGIN ISLAND POST AND THE VI DAILY NEWS. CHRISTMAN SAID HE TALKED BY PHONE TO SENATOR ROEBUCK, PRESIDENT OF THE USVI SENATE, FOR FORTY-FIVE MINUTES CONCERNING THE AFFAIR AND THAT THE LATTER INVITED HIM TO ADDRESS A SPECIAL SESSION OF THE LEGISLATURE WHICH HE INTENDED TO CALL ON SEPT 15. ALSO ACCORDING TO CHRISTMAN, HE TALKED TO CONGRESSMAN ROE ON SEPT 11 AND THE LATTER REPORTEDLY CONFIRMED THAT LUIS HAD INDEED INSTRUCTED CHRISTMAN TO GO TO GUADELOUPE TO SIGN THE CONTRACT

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C O N F I D E N T I A L SECTION 2 OF 2 MARTINIQUE 0675

5. MEANWHILE IN GUADELOUPE, FRENCH OFFICIALS HAVE BEEN CRITICIZED IN THE PRESS FOR SELLING "SURPLUS" WATER ELSEWHERE WHEN DEPENDENT ISLANDS OF GUADELOUPE ARE CONSIDERING CLOSING THEIR DESALINIZATION PLANTS BECAUSE OF THEIR EXHORBITANT COST. INHABITANTS OF LES SAINTES, FOR EXAMPLE, ARE REPORTED TO PAY US DOLS 75 PER 1,000 GALLONS OF TREATED WATER. THIS CRITICISM IS BY NO MEANS AT THIS POINT A GROUND SWELL, BUT IT IS LIKELY TO INCREASE.

6. CHRISTMAN--AND, TO THE EXTENT THAT HE IS SEEN REPRESENTING THE GOUSVI, THE USG--FACE AT THE LEAST AN EMBARRASSING SITUATION IN GUADELOUPE. CHRISTMAN HAS PRESSED FRENCH OFFICIALS FOR AN EARLY DELIVERY DATE SO THAT THE USVI COULD GET THEIR FIRST SHIPMENTS OF WATER BEFORE THE NOVEMBER ELECTIONS. THOSE OFFICIALS WERE ASTOUNDINGLY OBLIGING, AGREEING TO CONSTRUCT AT DEPARTMENTAL EXPENSE A 20-INCH PIPELINE FROM THE WATER STORAGE FACILITY TO THE DOCK AT POINTE-A-PITRE BY MID-OCTOBER AT A COST OF US DOLS ONE MILLION, NO SMALL TASK GIVEN THE WORK TEMPO IN GUADELOUPE. WITH THE GOUSVI REPORTEDLY NOW BALKING, CHRISTMAN IS LEFT WITH A CONTRACT, A FAST-

APPROACHING DELIVERY DATE AND NO BUYER. HE COULD CONCEIVABLY
FIND ANOTHER MARKET SHOULD THE GOUSVI DECIDE NOT TO PURCHASE
THE WATER ALTHOUGH ALL CALCULATIONS WERE BASED ON THE
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NEEDS OF THE USVI AND THE CAPACITY OF CHRISTMAN'S SINGLE TANKER
TO HAUL SEVEN MILLION GALLONS OF WATER IN A TURN-AROUND TIME
OF THREE AND ONE-HALF DAYS (I.E. TWO MILLION GALLONS A DAY). IF
THE GOUSVI DOES NOT SIGN A CONTRACT WITH TRANS GLOBAL AND IF
CHRISTMAN CANNOT FIND ANOTHER PROXIMATE MARKET, HE MAY BE
FORCED TO RENEGE ON THE TRANS-GLOBAL-GRAND SYNDICAT CONTRACT,
LEAVING FRENCH OFFICIALS IN GUADELOUPE WITH A MILLION
DOLLAR PIPELINE PROJECT ON THEIR HANDS, NO IMMEDIATE BUYER FOR
THEIR SURPLUS WATER AND LOCAL CRITICISM ON ALL SIDES FOR THEIR
HANDLING OF THE AFFAIR. CHRISTMAN REPORTEDLY INTENDS TO
FORCE THE GOUSVI'S HAND BY PUBLICIZING THE AFFAIR AS MUCH
AS POSSIBLE.

7. DEPARTMENT MIGHT ANTICIPATE PRESS INQUIRIES.

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